

**Manchester City Council
Report for Information**

Report to: Resources and Governance Overview and Scrutiny Committee
Report of: City Treasurer
Date: 21 June 2007
Subject: Key Decision – requests in excess of £500,000 and subject to possible call in for scrutiny

Purpose of Report

To inform members of the Committee of forthcoming requests for key decisions for projects/contracts in excess of £500,000 when it is likely that the Chair of this Scrutiny Committee will be requested to authorise exemption from call-in.

Recommendation

The Committee is requested to note the contents of the report and the likelihood that the Chair will be requested to exempt the key decision outlined in the report from “Call-in.”

Contact Officers

Richard Paver, City Treasurer	0161-234-3564 Richard.paver@manchester.gov.uk
Ian Brown Head of Corporate Procurement	0161-234-3255 ian.brown1@manchester.gov.uk
Helen Jones Head of Valuation & Property	0161-234-1256 H.jones4@manchester.gov.uk

Wards Affected

All

Background Documents

Correspondence from Corporate Procurement regarding contract awards and from Valuation and Property/Capital Programme Team re Asset Management Plan spend.

Background

The Constitution of the City Council specifies that key decisions relating to contract award or capital expenditure approval requests where the spending of the City Council's own resources is in excess of £500,000 may be subject to call-in and subsequent consideration by the relevant Scrutiny Committee. If exceptional cases prevail, the Chair of the Committee is authorised to exempt such a decision from "call-in."

Proposals

A small number of contracts/capital expenditure proposals are expected to develop to the stage that during the next 6 months certain key decision requests will be submitted. This report explains the reason why the Chair of the Committee may be requested to exempt these decisions from "call-in." (A similar report dealing with a number of capital expenditure requests was considered by the previous Finance and General Purposes Committee at its meeting in November 2006).

Asset Management Plan: Chadwick's Travellers Community - Site Redevelopment

The November 2006 report to Finance and General Purposes Committee outlined the proposed redevelopment of the Fairholme Traveller's Site to address immediate health and safety issues and the provision of basic facilities. Approval to the scheme was subsequently given and work is proceeding.

The adjacent site, occupied by the Chadwicks Travellers Community, has been identified as in need of similar treatment and, if delivered over the same timeframe as the Fairholme works will present opportunities for significant economies. The current scheme costs are estimated at £630,000 and by running the works to the same timescales with the same contractor additional costs of some £195,000 will be avoided. Funding for the scheme has been secured from the Corporate Asset Management Plan. At the present time, the scheme is not fully developed nor the community consulted. However, if the scheme is able to proceed over the coming months, the decision will need to be exempted from "call-in" so as to avoid any delay.

Contract Awards

1. Vehicle Hire

Following a recent e-auction, a new contract is expected to be let from 1 July 2007. The contract, valued at £3.4m over a 2-year period, is expected to deliver savings of £475,000. Exemption will be requested to allow savings to be maximised.

2. Transport Services

Various contracts are to be entered into covering a wide range of community transport, totalling some £7m per annum; broken down as follows:-

Home to School (Special Needs)	£5,000,000
Elderly Daycare	£1,000,000
Education other than at School	£100,000
Adult Social Services	£100,000
School Meals	£200,000
Further Education	£350,000
Swimming Programme	<u>£250,000</u>
Total	<u>£7,000,000</u>

The bulk of contract value (approximately 90%) involves delivery of service to vulnerable individuals within the community.

These elements of the contract are, by definition, linked to educational and other special needs and are also structured in most cases around domiciliary locations of individuals. This means that, in order to be as accurate as possible, actual transport schedules can only be defined during the summer period leading up to the commencement of the school year and the contract. This in turn dictates that the contract renewal process is carried out under an extremely tight timescale during the summer and the contract must be in place before, or as near as possible, to the start of the new school year (September 2007).

The tender process commenced in May 2007 and compliance with OJEU timescales means that the contract won't be awarded until 14 August 2007, leaving very little time between award and contract start.

Any delays to the contract award process will, therefore, have a potentially disruptive effect during the early stages of the contract and will result in the loss of any potential savings available under the new contract.